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ABSTRACT

This guide describes Federal student aid programs, how to apply for them, and what these programs entail. Guidelines are provided on the ways to find out about student financial aid that is available and how to choose a school carefully. Additionally examined are student eligibility requirements, financial need rules, dependency status, steps in applying for a loan (forms and information needed), deadline dates, and special financial circumstances that affect loan amounts and family contributions. Telephone numbers for the Federal Student Aid Information Center are also provided along with what information is available. Finally, detailed information is provided on a variety of loan programs that are available, such as the College Work-Study program, Pell Grants, Stafford Loans, Perkins Loans, and Supplemental Educational Opportunity Grants. Among the information discussed for each of the these loan types are the loan amount that can be borrowed, loan repayment information, how to apply and, when and how payments are made, and loan defaulting. (GLR)

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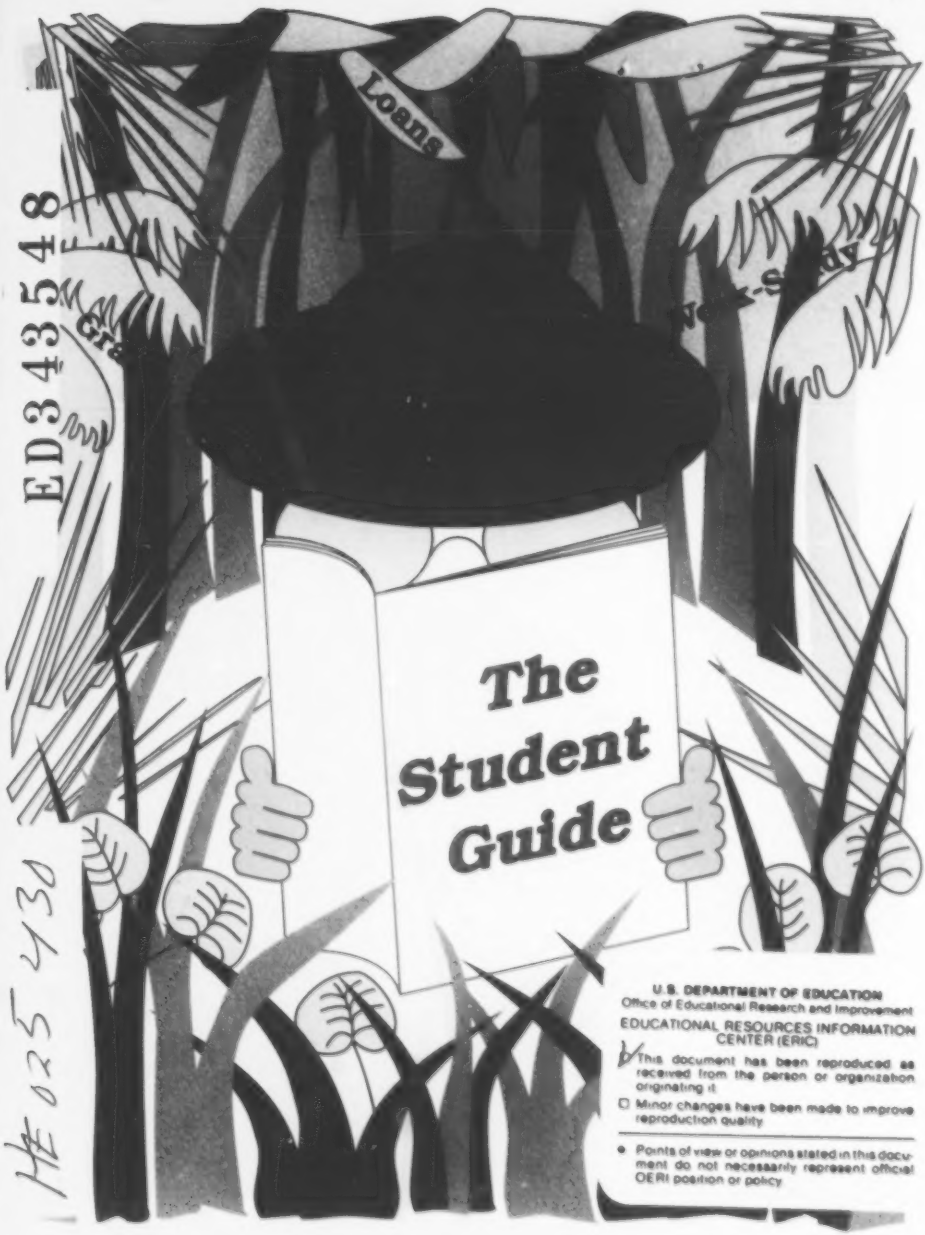

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Office of Educational Research and Improvement
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Financial Aid from the U.S. Department of Education: Grants, Loans, and Work-Study

1991-92

UNITED STATES
DEPARTMENT OF EDUCATION
THE SECRETARY

If you are planning to attend a college, university, trade, or proprietary school, you are among the more than 13.6 million citizens of the United States continuing their education beyond high school.

Our nation enrolls twice as many of its people in postsecondary study and training as the Soviet Union, ten times as many as France, and fifteen times the total in the United Kingdom.

President Bush is committed to providing assistance for those who need help in paying their higher education costs. This coming year, our nation will spend an estimated $384 billion for education.

The Federal Government's contribution to student financial assistance will result in a commitment of $18.4 billion targeted to those who need help to afford the cost of higher education and postsecondary training. Two of the aid programs outlined in this publication are grants—outright assistance provided by the American people through their taxes for the pursuit of higher education. In addition, there are loans, also made possible through the help of the American taxpayer, which entail an obligation to repay when a student leaves school.

When you apply for a loan to attend a college, university, trade, or proprietary institution, you make a commitment. Honoring that commitment will strengthen these programs, which will allow others to have the same type of assistance that was available to you for the pursuit of higher education. You also uphold the faith of working Americans who make these programs possible.

Financial assistance opens the door to higher education for many who could not otherwise afford its cost. Do your share to support these programs by repaying your loans after graduation. You owe it to those who will follow.

Discrimination Prohibited. No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity receiving Federal financial assistance, or be so treated on the basis of sex under most education programs or activities receiving Federal assistance.

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FINDING OUT ABOUT STUDENT AID

This *Guide* tells you about Federal student aid programs and how to apply for them. But education or training after high school costs more than ever, and you need to learn about as many sources of aid as you can. The steps below will help.

Contact the **financial aid administrator** at each school you're interested in. He or she can tell you what aid programs are available there, and how much the total **cost of education*** will be. If you're in high school, also talk to your **guidance counselor**. He or she can tell you about financial aid in general and where to look for help.

Ask the **State higher education agency** in your home State for information about State aid—including aid from a program jointly funded by individual States and the U.S. Department of Education. Each State has its own name for this program, as well as its own award levels, eligibility criteria, and application procedures. (At the Federal level, this program is called the State Student Incentive Grant Program.) For the address and telephone number of your State agency, see your financial aid administrator or call the toll-free number on page 21.

Your State agency can also give you information about the **Paul Douglas Teacher Scholarship Program.** These scholarships are for outstanding high school graduates who want to pursue teaching careers after they finish college. A Douglas scholarship provides up to $5,000 a year to students who graduate from high school in the top 10 percent of their class, and who meet other selection criteria their State agency may establish. Generally, students are required to teach two years for each year of scholarship assistance they receive.

*This *Guide* mentions several terms or concepts that you will need to be familiar with. Wherever these terms occur in the text, they will have an asterisk (*) next to them. This means that the term will be defined in the "Important Terms" section, pages 43 to 50.

The agency in your State responsible for public elementary and secondary schools can give you information on the **Robert C. Byrd Honors Scholarship Program**. Students who demonstrate outstanding academic achievement and show promise of continued excellence may receive $1,500 for their first year of postsecondary education.

Your **public library** has information on State and private sources of aid. Your financial need is usually considered, but other factors may also be taken into account.

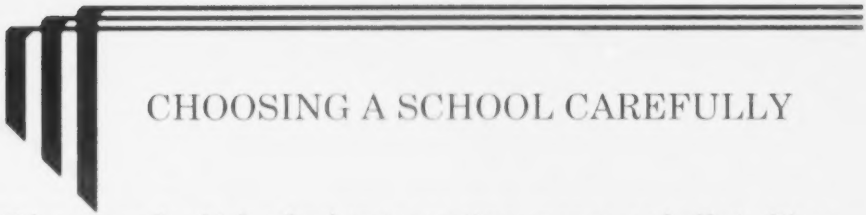
Many **companies**, as well as labor unions, have programs to help pay the cost of postsecondary education for employees or members (or for their children).

Check **foundations**, religious organizations, fraternities or sororities, and town or city clubs. Include community organizations and civic groups such as the American Legion, YMCA, 4-H Clubs, Kiwanis, Jaycees, Chamber of Commerce, and the Girl or Boy Scouts.

Scholarships from the National Honor Society and National Merit Scholarships are available to students with high grades who qualify.

Don't overlook aid from **organizations connected with your field of interest** (for example, the American Medical Association or the American Bar Association). These organizations are listed in the U.S. Department of Labor's *Occupational Outlook Handbook* and can also be found in various directories of associations available at your public library.

If you're a veteran, **veterans benefits** may be available. Check with your local Veterans' Affairs office.



CHOOSING A SCHOOL CAREFULLY

Education after high school costs you time, money, and effort. It's a big investment, and you should carefully evaluate the school you're considering. You ought to know what you'll be getting for your money. When you enroll in school, you expect to learn certain subjects, or maybe certain skills that will help you get a specific job. Will you? A lot depends on you. To find out about a school, you need to—

Check the school's accreditation. Ask for the names of the school's accrediting and licensing organizations. You also have the right to ask for a copy of the documents describing the institution's accreditation or licensing. Accreditation means a private educational agency or association has evaluated a school and found it meets certain minimum requirements that agency has set. But don't assume that if a school is accredited that's all you need to know. . .

Find out about the school's programs for yourself. A school can be very good but still not meet your individual needs. You have the right to ask a school about its programs, its faculty, and its instructional, laboratory, and other physical facilities (including what special facilities and services are available to the handicapped). What is the size of most classes? Will you have enough contact with your instructors? If you're attending a school that offers training using equipment, make sure the classes are not so large you never get to use it. If a school advertises a certain kind of equipment, make sure it actually has that equipment. Is it modern and what you'll actually be using in your field later on?

Find out how many credits you need to graduate or complete the coursework. Ask how many students finish. A high dropout rate could mean students weren't satisfied with the education they were receiving.

It's also a good idea to talk to recent graduates about the school's courses, its professors or instructors, even its social life and living facilities, if applicable. And remember, just because a school participates in the U.S. Department of Education's student aid

programs does **NOT** mean the Department has endorsed the quality of the education the school offers. The Department ***does not approve*** a school's curriculum, policies, or administrative practices, ***except*** as they relate to how the school operates Federal student aid programs. It's up to you to check out the school.

Find out about job placement rates. Many students are concerned about being able to get a job in their chosen field after they leave school. What is the school's job placement rate? Check with former graduates or prospective employers, not just the school. What is the placement rate of your chosen profession in general? If the school advertises its job placement rates, it must also publish the most recent available data about employment statistics, graduation statistics, and any other information necessary to back up its claims. This information must be available at or before the time you apply for admission to the school.

Does the school provide instruction on topics necessary for State or professional certification of graduates? If a school says it will help you find a job, what does this include? Will the school contact potential employers and set up interviews? Will you receive counseling on how to obtain and keep a job?

Find out about financial aid. You have the right to ask the school the following:

- what financial assistance is available, including information on all Federal, State, local, private, and institutional financial aid programs. You also have the right to know how a school selects financial aid recipients.

- what the procedures and deadlines are for submitting applications for each available financial aid program.

- how the school determines your financial need. This process includes how costs for tuition and fees, room and board, travel, books and supplies, and personal and miscellaneous expenses are considered in your **cost of education.*** It also includes the resources considered in calculating your need (such as parental contribution, other financial aid, **assets,*** etc.). You also have the right to know how much of your financial need, as determined by the school, has been met and how and when you'll receive your aid.

*See "Important Terms," pages 43 to 50.

- how the school determines each type and amount of assistance in your **financial aid package.*** You also have the right to ask the school to reconsider your aid package if you believe a mistake has been made, or if your enrollment or financial circumstances have changed.

- how the school determines whether you're making **satisfactory academic progress,*** and what happens if you're not. Whether you continue to receive Federal financial aid depends, in part, on whether you're making satisfactory progress.

- what the interest rate is on any student loan you may receive, the total amount you must repay, the length of time you have to repay, when you must start repaying, and what cancellation or deferment (postponement) provisions apply.

- if you're offered a College Work-Study job (see page 26 for information on this program)—what kind of job it is, what hours you must work, what your duties will be, what the rate of pay will be, and how and when you'll be paid.

- who the school's financial aid personnel are, where they're located, and how to contact them for information.

Understand your school's refund policy. You have the right to know what your school's policy is. If something happens and you never register for classes, or if you drop out of school within a short time after you start, you may be able to get a part of your educational expenses returned to you. But after a certain date, you won't get any money back. Check with your school to find out what expenses you may have to pay if you drop out. Keep in mind that if you receive Federal student aid from any of the programs mentioned in the *Guide*—other than College Work-Study—some or all of that aid will be returned to those programs or to your lender.

If you have a Stafford Loan or a Supplemental Loan for Students (SLS), or if your parents have a PLUS loan for you (see pages 30 and 34 for information on these programs), the school must explain its refund policy, in writing, to you and to all prospective students. The school must also make its refund policy known to students who are currently enrolled. The school must include examples of how its policy applies and must explain the procedures you must follow to obtain a refund. If the school changes its refund policy, it must make sure all students are made aware of the new policy.

*See "Important Terms," pages 43 to 50.

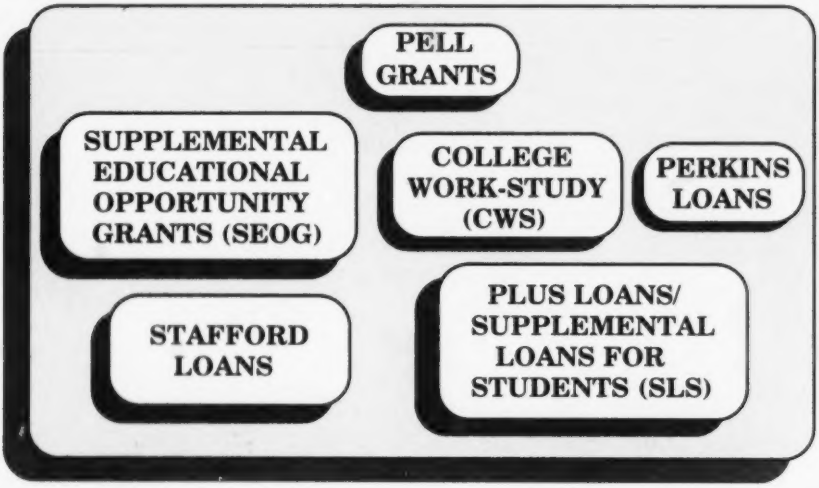
For specific information about the refund policy at your school, contact your financial aid administrator.

Check several sources to find out the answers to questions you may have about a school. Talk to high school counselors, local employers, and the State Department of Education that has jurisdiction over the school. See if any complaints have been filed about the school with the local Better Business Bureau, Chamber of Commerce, or consumer protection division of the State Attorney General's office. And contact these organizations if ***you*** have a complaint about a school.

You're paying for an education. Make sure you get it.

U. S. DEPARTMENT OF EDUCATION STUDENT AID— GENERAL INFORMATION

The U.S. Department of Education offers the following major student financial aid programs:



Grants are financial aid you don't have to pay back.

Work-Study gives you the chance to work and earn money to help pay for school.

Loans are borrowed money that you must repay with interest.

Undergraduates may receive all three types of financial aid. **Graduate students** may apply for loans or Work-Study, but not for Pell Grants or SEOG.

Not all schools take part in all the programs. To find out which ones are available at a school, contact the school's financial aid administrator.

STUDENT ELIGIBILITY REQUIREMENTS

- Generally, have financial need (see page 9)
- Have a high school diploma, a GED, or have the **ability to benefit***
- Be enrolled as a **regular student*** in an **eligible program***
- Be enrolled at least **half-time***—except for the campus-based programs (see page 24)
- Be a **U.S. citizen*** or **eligible non-citizen***
- Make **satisfactory academic progress***
- Sign a **statement of educational purpose/ certification statement on refunds and default***
- Sign an **Anti-Drug Abuse Act Certification***
- Sign a **statement of updated information***
- Sign a **statement of registration status***

*See "Important Terms," pages 43 to 50.

FINANCIAL NEED

Aid from most of the Federal student aid programs discussed in this booklet—**except for PLUS and SLS loans (see page 34)**—is awarded on the basis of financial need. Of course, you must first meet the eligibility criteria listed on the preceding page. (For the "campus-based" programs, the amount of funds available at the school is also a factor. See page 24.)

The information you report on an aid application (see "Applying," page 12) is used in certain formulas that calculate your need and eligibility.

Eligibility for the Pell Grant Program is determined by a formula passed into law by Congress and depends on a number called the "**Pell Grant Index (PGI)**."* If this number is low enough, you're eligible for a Pell Grant. And the lower the number, the larger your award will be. If your **PGI*** is higher than a certain number, you're not eligible. For more information on Pell Grants, see page 22.

There isn't a minimum or maximum number in determining eligibility for the "campus-based" and Stafford Loan programs (see pages 24 and 30 for information on these programs). Instead, your financial need is determined by the following subtraction:

*Cost of Education**
— *Family Contribution (FC)**
= *Financial Need*

In other words, your financial aid administrator takes the **cost of education*** at your school and subtracts the amount you and your family are expected to pay toward that cost (the **Family Contribution [FC]**).* If there's anything left over, you're considered to have financial need.

*See "Important Terms," pages 43 to 50.

*COST OF EDUCATION**—your educational expenses such as tuition, fees, room, board, books, supplies, and other related expenses.

*FAMILY CONTRIBUTION (FC)**—the amount you and your family are expected to pay toward your education. This amount is determined by a standard formula somewhat different from that used for the Pell Grant Program, although the **FC*** formula has also been passed into law by Congress. (The formula is called the "Congressional Methodology.") Factors such as taxable and non-taxable income, **assets*** (such as savings), and benefits (for example, unemployment or Social Security) are all considered in this calculation, which determines your family's financial strength. You can get a booklet describing the **FC*** formula in detail by writing to—

Federal Student Aid Information Center
Box 84
Washington, DC 20044

Note that although need is determined by formula, the financial aid administrator can adjust—up or down—your **Family Contribution (FC)*** or your **cost of education,*** if he or she believes your family's financial circumstances warrant it. However, the aid administrator does not ***have*** to make such an adjustment. For more information on adjustments, see "Special Circumstances," page 18, or contact your financial aid administrator.

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*See "Important Terms," pages 43 to 50.

DEPENDENCY STATUS

Certain questions on your student aid application will determine whether you're considered ***dependent*** on your parents and must report their income and assets as well as your own (and your spouse's, if you're married), or whether you're ***independent*** and must report only your own income and assets (and those of a spouse). Income and asset information will be used in determining your eligibility for Federal student aid, ***so answer the questions on your student financial aid application carefully.***

Students are classified as dependent or independent because Federal student aid programs are based on the idea that students' parents have the primary responsibility of paying for their children's education. Students who have access to parental support—dependent students—should not receive Federal funds at the expense of students who don't have that access—independent students.

If you claim to be an independent student, your school may ask you to submit proof before you can receive any Federal student aid. If you think you have unusual circumstances that would make you independent even though you normally would be considered dependent, talk to the financial aid administrator at your school. The aid administrator can change your status to independent if he or she thinks your circumstances warrant it. But remember, the aid administrator won't automatically do this. That decision is based on his or her judgment, and it's ***final***—you cannot appeal it to the U.S. Department of Education.

APPLYING

Forms

You can use any of the forms listed below to apply for Federal aid ***including*** a Pell Grant. To consider you for aid from ***non-Federal*** sources as well, your school may specify which of the forms listed below you should complete. Your school will have the form you need. The forms are—

"Application for Federal Student Aid" (AFSA)
The U.S. Department of Education's form

"Application for Pennsylvania State Grant and Federal Student Aid"
The Pennsylvania Higher Education Assistance Agency's (PHEAA'S) form

"Application for Federal and State Student Aid (AFSSA)"
CSX's form

"Singlefile Form"
United Student Aid Funds' (USAF's) form

"Family Financial Statement" (FFS)
The American College Testing (ACT) Program's form

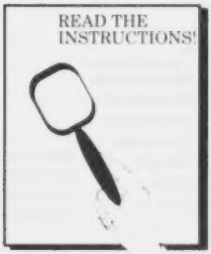
"Financial Aid Form" (FAF)
The College Scholarship Service's (CSS's) form

If you want to apply for Federal aid ***only,*** all the forms are free. (You will need to fill out only certain Federal "core" sections of the form. Your application will tell you which sections those are.) Then you must check a box to have your information forwarded to the Federal processing center. The box is in the middle of the form.

If you want to apply for non-Federal aid as well, you will have to fill out some additional information that all the forms except the AFSA

collect. ACT and CSS charge a fee for processing that extra information. So, while applying for Federal aid is always free, you may have to pay a fee to apply for non-Federal aid—depending on which form your school asks you to use.

☞ NOTE: For the Stafford Loan, PLUS, or SLS programs, there are some additional steps you must take to apply. (See pages 30-36 for information on these programs.)

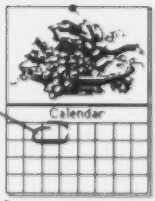


. . .when you apply for financial aid. Most mistakes are made because students do not read the instructions on the application. Pay special attention to any questions on dependency status and income, since these areas are where most mistakes are made.

☞ **NOTE:** You may not have to answer every question on your application, if the following conditions apply to you:

- ☐ Your family's income is $15,000 or less, ***and***
- ☐ ***Each*** member of your family files either a 1990 IRS Form 1040A or 1040EZ, or won't file any 1990 U.S. Income Tax form.

The instructions with your application will tell you which items to skip. However, your school may say that in order to be considered for non-Federal aid (State aid, private aid, etc.), you must complete the entire application. It's a good idea to check with your school to see if that's what you need to do.



Apply as soon as possible after January 1, 1991. Send your application to the address given in your application booklet. It will take approximately **4 weeks** for your application to be processed, and you may have to confirm or correct information and return it for reprocessing. (See "Student Aid Report," page 15.) Reprocessing takes another **2 to 3 weeks**. Also, you may have to prove the information you reported is correct (see page 15). You need to complete each step in the process promptly, so that you don't miss any deadlines (see "Deadlines," page 20). **Missing a deadline means you will lose out on student aid.**

If it's been more than 4 weeks since you applied and you haven't heard anything, you can check the status of your application by writing to—

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044

When you write, make sure you include in your letter your full name, permanent address, Social Security Number, date of birth, and signature.

Or, you can call the number for status checks given on page 21.

☞ NOTE: Aid from Federal programs is not guaranteed from one year to the next. You must reapply every year. Also, if you change schools, your aid doesn't automatically go with you. Check with your new school to find out what steps you must take.

Records Needed

When you fill out an application, you should have certain records on hand.

☐ The 1990 U.S. Income Tax Return is the most important one, since you must use specific numbers from specific lines on the tax return to fill out your application. You'll need to refer to—

- your tax return,
- your parents' return (if you apply as a dependent student), and
- your spouse's return (if you're married and your spouse filed a separate return).

Referring to the tax form will make it easier for you to complete your application and get it through the processing system.

You may apply even if the tax return is not yet completed. However, this means you'll have to estimate the financial information on your application, and you may have to prove the accuracy of your estimate before you're awarded aid. Also, you'll have to change later any figures that prove to be incorrect.

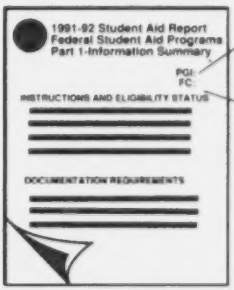
❑ Other useful records to have on hand—

- W-2 forms and other records of income received in 1990
- current bank statements and mortgage information
- records of benefits received from the Social Security Administration, Department of Veterans' Affairs, and other agencies

You should save all records and all other materials used to prepare your application because you'll need them later if either the Department of Education or your school selects you for a process called "verification." This means **you'll have to prove that what you reported on your application is correct.** (Many schools require ***all*** financial aid applicants to verify the information they reported on their aid applications.) As part of the verification process, you'll have to give your financial aid administrator certain information or documents, such as the ones mentioned in this section. So make sure you keep these documents, and make sure the information you report is accurate!

Student Aid Report (SAR)

After you apply for Federal student aid, you'll receive a Student Aid Report (SAR) in approximately 4 weeks. The SAR will contain the information you gave on your application plus numbers that tell you about your eligibility for Federal student aid:



❑ a **Pell Grant Index (PGI)*** number, which determines your Pell Grant eligibility, and a

❑ **Family Contribution (FC)*** number, used in determining your eligibility for the campus-based and Stafford Loan programs

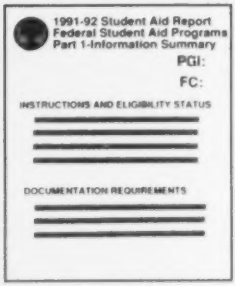
Unlike the **FC,*** the **PGI*** is a fixed number (below a certain number, you're eligible for a Pell Grant; above a certain number, you're not eligible). This means your SAR can tell you right away about your Pell Grant eligibility. That's why the SAR is most often associated with Pell Grant eligibility, even though it can be used in determining your eligibility for other Federal student aid programs.

*See "Important Terms," pages 43 to 50.

IF YOUR SAR SAYS. . .

YOU MAY RECEIVE A PELL GRANT

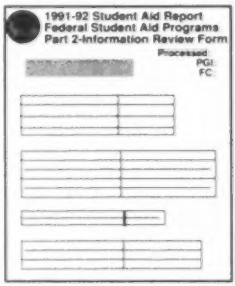
Your SAR will have **3 parts**:


1991-92 Student Aid Report
Federal Student Aid Programs
Part 1-Information Summary
PGI:
FC:
INSTRUCTIONS AND ELIGIBILITY STATUS
DOCUMENTATION REQUIREMENTS

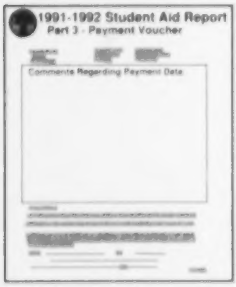
Part 1—Information Summary

Contains instructions to review your SAR to make sure it's correct, and will give you other information about the results of your application.

Part 2—Information *Review* Form


1991-92 Student Aid Report
Federal Student Aid Programs
Part 2-Information Review Form
Processed
PGI:
FC:

The part you use to change any information on the SAR that's incorrect—**REVIEW THIS PART CAREFULLY!** If you need to make changes, put the correct information in the "The correct answer is" column. Then, sign the Certification statement on the back of Part 2 and **return Part 2 only** to the address given on the back of Part 2. You'll receive a new SAR in 2 to 3 weeks.


1991-1992 Student Aid Report
Part 3 - Payment Voucher
Comments Regarding Payment Data

Part 3—Pell Grant Payment Voucher

This part is for your school's use.

If all the information on your SAR is correct as it is, **submit all three parts** of the SAR to your financial aid administrator right away. Your aid administrator will use the information on your SAR to determine the amount of your Pell Grant.

YOU'RE INELIGIBLE FOR A PELL GRANT

Your SAR will have **2 parts**—Parts 1 and 2 only.

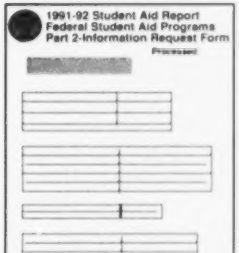
Even if your SAR says you're not eligible for a Pell Grant, contact your financial aid administrator. He or she may use the **Family Contribution (FC)*** number on the SAR in determining whether you're eligible for other Federal student aid. If you are, your school will send you a letter telling you the amount and kinds of financial aid you'll get.

*See "Important Terms," pages 43 to 50.

YOUR ELIGIBILITY HAS NOT BEEN DETERMINED

This means you did not correctly or completely fill out your student aid application, and no **PGI*** could be calculated. You'll receive a **2-part** SAR—Parts 1 and 2 only.

Part 1, the Information Summary (see the previous page), will contain comments asking you to confirm, correct, or add information on . . .


1991-92 Student Aid Report
Federal Student Aid Programs
Part 2-Information Request Form

Part 2—Information *Request* Form

REVIEW THIS PART CAREFULLY! After you've made any necessary changes or additions, sign the Certification statement on the back of this part and **return Part 2 only** to the address given on the back of Part 2. You'll get a new SAR in 2 to 3 weeks.

If you have any trouble understanding what you're supposed to do after you get your SAR or how you're supposed to make corrections, your financial aid administrator can help you and can answer any questions you have.

To request a copy of your SAR or to correct your address for the records, write to the agency where you sent your application or write to the Federal Student Aid Information Center, P.O. Box 84, Washington, DC 20044. When you write, make sure you include in your letter your full name, permanent address, Social Security Number, date of birth, and signature.

You can also request a copy of your SAR by calling the number for duplicate requests given on page 21. However, you can correct your address ***only*** by writing a letter.

*See "Important Terms," pages 43 to 50.

SPECIAL CIRCUMSTANCES

Although the process of determining a student's eligibility for Federal student aid is generally the same for all applicants, there is some flexibility.

For instance, when you apply, if you indicate on your student aid application that you, your spouse, or either of your parents is a "dislocated worker" or "displaced homemaker," special consideration will be given your and/or their financial status when your application is processed. (For definitions of "dislocated worker" and "displaced homemaker," see your financial aid application.) And, as noted on page 13, certain applicants with incomes of $15,000 or less can skip some of the questions on the application.

Some students may have special financial considerations that can't be described adequately on an application. If you feel you have special circumstances that might affect the amount you and your family are expected to contribute toward your education, see your financial aid administrator. Remember, if the aid administrator believes it's appropriate, he or she can change a student's dependency status from dependent to independent (see page 11). And, for the campus-based and Stafford Loan programs, the aid administrator may adjust your **cost of education*** or your **Family Contribution (FC)*** if he or she feels your circumstances warrant it. For example, if you believe the amount you and your family are expected to contribute toward your education is too high, you can ask your aid administrator to review your case. But remember, the aid administrator does not ***have*** to make any of these changes—there have to be very good reasons for doing so. Also remember that the aid administrator's decision is ***final*** and cannot be appealed to the U.S. Department of Education.

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*See "Important Terms," pages 43 to 50.

☞ NOTE: The Pell Grant Program does not allow for *individualized* adjustments. However, there are certain **special conditions*** that would make the family's financial circumstances worse in 1991-92 than they were in 1990. If one of the conditions listed below applies to you or your family, **estimated 1991** income information will be used to calculate your Pell Grant eligibility, instead of **1990** income.

The conditions are—

- ❑ **Death**
- ❑ **Separation or divorce**
- ❑ **Loss of a full-time job**
- ❑ **Loss of nontaxable income or benefits such as Social Security, child support, Aid to Families with Dependent Children (AFDC or ADC), welfare, unemployment benefits, etc.**

If you think you meet one of the **special conditions,*** see your financial aid administrator. If you qualify, the aid administrator will explain what steps to take so that estimated 1991 income will be used.

*See "Important Terms," pages 43 to 50.

DEADLINES

MAY 1, 1992

Your student aid application must be ***received*** by this date. The application you fill out will contain the address where your application must be sent. **THERE ARE *NO EXCEPTIONS* TO THIS DEADLINE.**

Apply as soon after January 1, 1991, as you can. Schools often set deadlines early in the calendar year that students must meet in order to receive certain types of funds, including those from the campus-based programs (see pages 24-29 for information on these programs).

JUNE 30, 1992, or your last day of enrollment in 1991-92, whichever comes first:

This is the deadline for submitting your SAR to your school's financial aid office.

Be sure you know your last day of enrollment in 1991-92—it may be earlier than June 30. The earlier you can submit your SAR, the better, but you must turn it in by the deadline.

☞ NOTE: If you're selected for verification (see page 15), additional deadlines apply to you. Your financial aid administrator will tell you what they are.

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TELEPHONE NUMBERS

You may have questions about your application, your SAR, or other Federal student aid matters, and you need an answer right away. If so, you may call one of the numbers below at the **Federal Student Aid Information Center** between the hours of **9:00 a.m.** and **5:30 p.m.** (Eastern Standard Time), Monday through Friday:

1 (800) 333-INFO—if calling *before* May 1, 1991
1 (800) 4 FED AID—if calling *on or after* May 1, 1991
The Information Center provides the following services at one of the ***toll-free*** numbers listed above:

- Helping you file an application or correct a SAR
- Checking on whether a school takes part in Federal student aid programs
- Explaining student eligibility requirements
- Explaining the process of determining financial aid awards
- Mailing publications

1 (301) 722-9200
You must call this number at the Information Center if you want to find out if your application has been processed, or if you want a copy of your Student Aid Report (SAR). **Please note that you will have to pay for this call.** The Center cannot accept collect calls.

1 (301) 369-0518
If you are hearing-impaired, you may call this TDD number at the Information Center for help with any Federal student aid questions you may have. This number is ***not*** toll-free, and the Center cannot accept collect calls.

If you have reason to suspect any fraud, waste, or abuse involving Federal student aid funds, you may call the following ***toll-free*** number:

1 (800) MIS-USED
This number is the hotline to the U.S. Department of Education's Inspector General's office. You may remain anonymous, if you wish.

PELL GRANTS

What is a Pell Grant?

A Pell Grant is an award to help undergraduates pay for their education after high school. For the Pell Grant Program, an undergraduate is one who has not earned a bachelor's or first professional degree. (A professional degree would include a degree in such fields as pharmacy or dentistry, for example.)

Eligibility for those who receive a Pell Grant for the first time is usually limited to 5 to 6 years of undergraduate study. For more information, see your financial aid administrator.

For many students, Pell Grants provide a "foundation" of financial aid, to which aid from other Federal and non-Federal sources may be added. Unlike loans, grants don't have to be paid back.

How do I qualify?

You must be attending school at least **half-time.***

To determine if you're eligible, the Department of Education uses a standard formula, passed into law by Congress, to evaluate the information you report on your student aid application. The formula produces a **Pell Grant Index (PGI)*** number. Your Student Aid Report (see page 15) contains this number and will tell you whether you're eligible.

*See "Important Terms," pages 43 to 50.

The formula used to determine your **Pell Grant Index (PGI)*** is too long to be included here. However, you can get a booklet that describes it in detail by writing to—

Federal Student Aid Information Center
Box 84
Washington, DC 20044

How much money can I get?

The maximum award for the 1991-92 academic year is $2,400. How much you actually get will depend not only on your **Pell Grant Index (PGI)*** number, but on the **cost of education*** at your school, whether you're a full-time or part-time student, and whether you attend school for a full academic year, or less than that.

When should I apply?

The sooner, the better. Your 1991-92 application must be ***received*** at the address given on your application ***no later than*** May 1, 1992. **THERE ARE *NO EXCEPTIONS* TO THIS DEADLINE.**

How will I be paid?

You must submit all 3 parts of your Student Aid Report (SAR) to your school by the deadline noted on page 20. Your school will then credit your award to your account, pay you directly, or use a combination of these methods.

The school must tell you in writing how and when you'll be paid and how much your award will be. You should acknowledge the school's notification in writing, for the school's records. Schools must pay at least once per term (semester, trimester, or quarter). Schools that do not use formally defined, traditional terms must pay at least twice per academic year.

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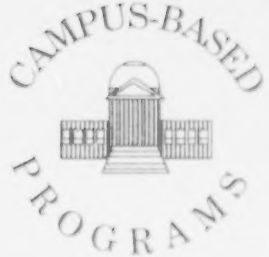
*See "Important Terms," pages 43 to 50.



Supplemental Educational Opportunity Grants (SEOG)

College Work-Study (CWS)

Perkins Loans

The three programs you'll read about in this section are called "campus-based" programs because they're administered by the financial aid administrator at each participating school. Your **financial aid package*** may contain aid from one or more of these programs.

Even though each program is different—SEOG offers grants, CWS offers jobs, and Perkins provides loans—they have these characteristics in common:

❑ You can go to school less than **half-time*** and still be able to receive aid.

❑ How much aid you receive from the campus-based programs depends on your financial need (see page 9), the amount of other aid you'll receive, and the availability of funds at your school. Unlike the Pell Grant Program, which provides funds to every eligible student, each school participating in any of the campus-based programs receives a certain amount of funds for each program. When that money is gone, there are no more awards from that program for that year.

❑ There's no one deadline for applying as there is for the Pell Grant Program—each school sets its own. But most deadlines are quite early in each calendar year. Be sure to check with the financial aid administrator at your school to find out what its deadlines are. **You'll probably miss out on receiving aid from the campus-based programs if you don't apply early!**

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*See "Important Terms," pages 43 to 50.

SEOG

What is an SEOG?

A Supplemental Educational Opportunity Grant (SEOG) is for undergraduates with exceptional financial need (with priority given to Pell Grant recipients), and it doesn't have to be paid back.

How much can I get?

You can get up to $4,000 a year, depending on the restrictions noted on the preceding page.

What's the difference between an SEOG and a Pell Grant?

The Department of Education guarantees that each participating school will receive enough money to pay the Pell Grants of its eligible students. As noted on the preceding page, there's no guarantee every eligible student will be able to receive an SEOG.

How will I be paid?

Your school will credit your SEOG to your account, pay you directly, or use a combination of these methods. Schools must pay students at least once per term (semester, trimester, or quarter). Schools that do not use traditional terms must pay at least twice during the academic year. (There's one exception: If the total SEOG aid you receive is $500 or less, the school may pay you just once during the academic year, if it chooses.)

CWS

What is College Work-Study?

The College Work-Study (CWS) Program provides jobs for undergraduate and graduate students who need financial aid. CWS gives you a chance to earn money to help pay your educational expenses.

How much can I make?

Your pay will be at least the current Federal minimum wage, but it may also be related to the type of work you do and the skills required. Your total CWS award depends on the restrictions noted on page 24.

How will I be paid?

If you're an undergraduate, you'll be paid by the hour. If you're a graduate student, you may be paid by the hour or you may receive a salary. No CWS student may be paid by commission or fee. Your school must pay you at least once a month.

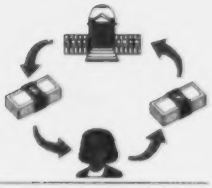
Are College Work-Study jobs on campus or off campus?

Both. If you work on campus, you'll usually work for your school. If you work off campus, your job will usually involve work that is in the public interest, and your employer will usually be a private or public non-profit organization, or a local, State, or Federal agency. However, some schools may have agreements with private sector employers for CWS jobs. These jobs must be related to your course of study.

Can I work as many hours as I want?

No. Your school sets your work schedule. In arranging a job and assigning work hours, your financial aid administrator will take into account your class schedule, your health, and your academic progress. And remember, the amount you earn can't exceed your total CWS award.

PERKINS LOANS



What is a Perkins Loan?

A Perkins Loan is a low-interest (5 percent) loan to help you pay for your education after high school. These loans are for both undergraduate and graduate students and are made through a school's financial aid office. Your school is your lender. You must repay this loan.

How much can I get?

Depending on the restrictions noted on page 24, you may borrow up to—

- ❑ **$4,500 if you're enrolled in a vocational program, or if you have completed less than 2 years of a program leading to a bachelor's degree.**
- ❑ **$9,000 if you're an undergraduate student who has already completed 2 years of study toward a bachelor's degree and has achieved third-year status. (This total includes any amount you borrowed under Perkins [or under the National Direct Student Loan Program, its former name] for your first 2 years of study.)**
- ❑ **$18,000 for graduate or professional study. (This total includes any amount you borrowed under Perkins/NDSL for your undergraduate study.)**

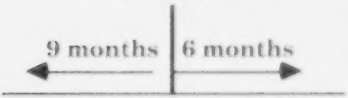
How will I be paid?

After you sign a **promissory note*** agreeing to repay the loan, your school will either pay you directly or credit your account. You'll receive the loan in at least two payments during the academic year. (There's one exception: If the total Perkins Loan you receive is $500 or less, the school may pay you just once during the academic year, if it chooses.)

*See "Important Terms," pages 43 to 50.

When do I pay back this loan?

You have a certain period of time before you have to begin repayment, called a "grace period." If you're attending at least **half-time,*** you have a grace period of 9 months after you graduate, leave school, or drop below **half-time.*** If you're a less-than-**half-time*** student, your grace period may be different. Check with your financial aid administrator.



If you borrowed under the old National Direct Student Loan (NDSL) Program ***on or after*** October 1, 1980, your grace period is 6 months. If you borrowed ***before*** October 1, 1980, your grace period is 9 months.

At the end of your grace period, you must begin repaying your loan. You may be allowed up to 10 years to repay.

How much will I have to pay each month?

The amount of each payment depends on the size of your debt and on the length of your repayment period. Usually, you must pay at least $30 per month. In special cases—for example, if you're unemployed or ill for a long period of time—your school may allow you to make payments that are less than $30 per month or may extend your repayment period.

The following chart shows typical monthly payments and total interest charges for three different 5 percent loans over a 10-year period.

Total Loan Amount	Number of Payments	Monthly Payment	Total Interest Charges	Total Repaid
$ 4,500	120	$ 47.73	$1,227.60	$ 5,727.60
9,000	120	95.46	2,455.20	11,455.20
18,000	120	190.92	4,910.40	22,910.40

*See "Important Terms," pages 43 to 50.

Can I defer (postpone) repayment of my Perkins Loan after I leave school?

Under certain conditions, yes—as long as you're not in **default.*** However, deferments aren't automatic. You have to apply for one through your school, using a deferment request form that you must get from your school.

☞ NOTE: Even though you may have ***applied*** for a deferment, you still must **continue to make payments** until your deferment is processed. If you don't, you may end up in **default.***

A summary of deferments available to Perkins Loan borrowers is on pages 41 and 42. For more detail, contact your financial aid administrator.

Are there ever any cases where repayment of a Perkins Loan can be cancelled?

Yes, a few. For example, your loan will be cancelled if you die or become totally and permanently disabled. Your loan can be cancelled if you're a teacher (under certain circumstances), or if you're a Head Start or a Peace Corps or VISTA volunteer. For more information, read your promissory note or contact your financial aid administrator.

If you have any questions about the terms of your Perkins Loan, repayment obligations, deferment, or cancellation, check with the school that made you the loan. Remember, only that school can grant deferment or cancellation, or make decisions concerning your loan.

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*See "Important Terms," pages 43 to 50.

STAFFORD LOANS

What is a Stafford Loan?

Stafford Loans are low-interest loans made to students attending school at least **half-time.*** Loans are made by a lender such as a bank, credit union, or savings and loan association. Sometimes a school acts as a lender. These loans are insured by the **guarantee agency*** in each State and reinsured by the Federal Government. You must repay this loan.

For **new borrowers*** who receive loans for periods of enrollment beginning ***on*** or ***after*** July 1, 1988, the interest rate is generally 8 percent for the first 4 years of repayment and 10 percent after that. For **new borrowers*** who took out a loan ***between*** July 1, 1987, and June 30, 1988, the interest rate is 8 percent.

Students who are ***not*** **new borrowers*** should check their **promissory note*** for the interest rate.

How much can I borrow?

Depending on your financial need (see page 9), you may borrow up to—

- ❑ **$2,625 a year, if you're a first- or second-year undergraduate student.**
- ❑ **$4,000 a year, if you have completed 2 years of study and have achieved third-year status.**
- ❑ **$7,500 a year, if you're a graduate student.**

The total debt you can have outstanding as an undergraduate is $17,250. This includes any amount you may have borrowed under the Guaranteed Student Loan (GSL) Program—the former name for the Stafford Loan Program. The total debt for graduate or professional study is $54,750, including any Stafford Loans and GSL's made at the undergraduate level.

*See "Important Terms," pages 43 to 50.

☞ NOTE: You can't borrow more than the **cost of education*** at your school, minus your **FC*** and any other financial aid you receive.

How do I apply?

You can get an application from a lender, a school, or your State **guarantee agency.*** After you fill out your part of the application, the school you plan to attend must complete its part, certifying your enrollment, your **cost of education,*** your academic standing, any other financial aid you'll receive, and your financial need.

☞ NOTE: Before you can receive a Stafford Loan, your school must first determine your eligibility for a Pell Grant, if you're an undergraduate and your school participates in the Pell Grant Program. If you're eligible, the amount of your Pell Grant will be considered in determining your **financial aid package,*** so that you won't be overawarded.

When the school's portion of the application is completed, you or your school submits it to the lender you've chosen. If the lender agrees to make the loan and gets the approval of the **guarantee agency,*** the lender will send the loan amount to your school.

When should I apply?

Since not every lender participates in the Stafford Loan Program, you should begin looking for one as soon as you're accepted by your school. Give yourself as much time as possible to complete the application process.

How will I be paid?

Your lender sends your loan proceeds to your school. Your loan proceeds will be made payable either to you or to both you and your school.

For loans made on or after January 1, 1990, for periods of enrollment beginning on or after that date, your school must issue your loan proceeds to you in two or more payments.

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*See "Important Terms," pages 43 to 50.

How can I find out who the lenders are in my State?

Contact your State **guarantee agency.*** It's the best source of information on the Stafford Loan Program in your State. To find out your State **guarantee agency's*** address and phone number and to find out more information about borrowing, call the Federal Student Aid Information Center (toll-free): **1 (800) 333-INFO,** if calling ***before*** May 1, 1991; **1 (800) 4 FED AID,** if calling ***on or after*** May 1, 1991.

Is there any charge for making a Stafford Loan?

Yes, there is an "origination fee" of **5 percent**, which will be deducted proportionately from each loan disbursement made to you. The money is passed on to the Federal Government to help reduce the Government's cost of subsidizing these low-interest loans.

Your lender may also charge you an insurance premium of up to **3 percent** of the loan principal. This premium must be deducted proportionately from each disbursement.

When do I pay back this loan?

After you graduate, leave school, or drop below **half-time**,* you have a certain period of time before you have to begin repayment, called a "grace period." The length of this period depends on when you took out your loan, but it is usually 6 to 12 months. Check your **promissory note*** or ask your lender what your grace period is.

When you graduate, leave school, or drop below **half-time**,* you must notify your lender.

How much will I have to pay each month?

The amount of each payment depends on the size of your debt and on the length of your repayment period. Usually, you'll have to pay at least $50 per month or $600 per year. You should ask your lender what your monthly payments will be before you take out the loan, so you'll know what to expect.

The chart on the next page shows ***estimated*** monthly payments and total interest charges for 8 percent/10 percent loans of varying amounts, with typical repayment periods.

*See "Important Terms," pages 43 to 50.

TYPICAL REPAYMENT PLANS

Total Indebtedness	Number of Payments	Monthly Payment	Interest Charges	Total Repaid
$ 2,600	64	$ 50.00	$ 614.60	$ 3,214.60
4,000	119	50.00	1,972.48	5,972.48
7,500	120	93.52	3,722.07	11,222.07
10,000	120	124.68	4,961.77	14,961.77
15,000	120	187.01	7,441.17	22,441.17

Source: National Council of Higher Education Loan Programs, Inc. (NCHELP), 1989

Can I defer (postpone) repayment of my Stafford Loan after I leave school?

Yes, under certain conditions, and as long as your loan is not in **default.*** A summary of Stafford Loan deferments is on pages 41 and 42. However, deferments are not automatic. If you believe you qualify, submit a written request to your lender.

☞ NOTE: Even though you may have ***applied*** for a deferment, you still must **continue to make payments** until your deferment is processed. If you don't, you may end up in **default.***

For more detail about deferment and repayment of Stafford Loans, contact your financial aid administrator, your lender, or the **guarantee agency*** in your State.

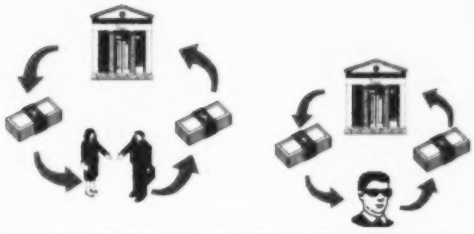
Are there ever any cases where repayment of a Stafford Loan can be cancelled?

Only if you become totally and permanently disabled, or if you die. However, if you serve as an enlisted person in certain selected specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the Department of Defense will, as an enlistment incentive, ***repay*** a portion of your Stafford Loan. If you think you may qualify, contact your recruiting officer.

If you have any questions about the terms of your Stafford Loan, repayment obligations, deferment, or cancellation, check with your lender. Remember, only your lender can grant deferment or cancellation, or make decisions concerning your loan.

*See "Important Terms," pages 43 to 50.

PLUS/SLS



What are PLUS and SLS loans?

PLUS loans are for **parents** who want to borrow to help pay for their children's education; Supplemental Loans for Students (SLS) are for **student** borrowers. Both loans provide additional funds for educational expenses and, like Stafford Loans, are made by a lender such as a bank, credit union, or savings and loan association.

PLUS and SLS loans have variable interest rates. These rates are set each June. For the 1990-91 award year, the interest rate was 11.49 percent. The interest rate for each loan is shown on the **promissory note,*** signed by the borrower when the loan is made.

Who can get a loan, and how much can they borrow?

❑ PLUS enables parents to borrow up to $4,000 per year, to a total of $20,000, for each child who is enrolled at least half-time* and is a dependent student. (See page 11 for a discussion of dependency status.)

❑ Under SLS, graduate students and independent undergraduates who are enrolled in a program whose length is a full academic year may borrow up to $4,000 per academic year, to a total of $20,000. This amount is in addition to the Stafford Loan limits. (In exceptional circumstances, the financial aid administrator may authorize dependent undergraduates to apply for an SLS.

First-year undergraduates enrolled in a program of less than a full academic year have different annual borrowing limits for SLS:

--$2,500 is the limit for those enrolled in a program that is at least 2/3 of an academic year but less than a full academic year. →

*See "Important Terms," pages 43 to 50.

--$1,500 is the limit for those enrolled in a program that is less than 2/3 but at least 1/3 of an academic year. (SLS loans are not made to first-year undergraduates enrolled in a program that is less than 1/3 of an academic year.)

How does a PLUS or SLS borrower apply?

The same way as for a Stafford Loan (see page 31). Unlike Stafford Loan borrowers, however, PLUS and SLS borrowers do not have to show need. However, like all borrowers, they may have to undergo a credit analysis.

☞ Note to SLS borrowers: Before you can receive an SLS, your school must determine your eligibility for a Stafford Loan and for a Pell Grant (if you're an undergraduate and your school participates in the Pell Grant Program). If you're eligible for aid from either or both of those programs, the amount you're eligible for may affect the amount you can borrow under SLS: Under SLS—as under the Stafford Loan Program—you can't borrow more than the **cost of education*** at your school minus any other financial aid you receive.

How will I be paid?

If your parent(s) takes out a PLUS loan for you, the lender sends the full amount of the loan proceeds in the form of a check directly to your parent(s).

If you take out an SLS, the lender sends the loan proceeds to your school. Your loan proceeds will be made payable either to you or to both you and your school.

For loans made on or after January 1, 1990, for periods of enrollment beginning on or after that date, your school must issue your loan proceeds to you in two or more payments. If you're a first-year undergraduate student, you cannot receive your first payment until **30 days** after the first day of your program of study.

Is there any charge for making a PLUS or an SLS?

Your lender may charge an insurance premium of up to **3 percent** of the loan principal. This premium must be deducted proportionately from each loan disbursement made to you. There is no origination fee for these loans.

*See "Important Terms," pages 43 to 50.

When do my parents or I have to begin repaying these loans?

PLUS and SLS borrowers generally must begin repaying both **principal** and **interest** within 60 days after the last loan disbursement. However, if a deferment applies (including a deferment for being in school), borrowers do not begin repaying any ***principal*** until the deferment ends.

☞ NOTE: Deferments do not apply to ***interest***, although the lender may let the interest accumulate until the deferment ends.

What are the deferments?

SLS borrowers get the same deferments as Stafford Loan borrowers except that, as mentioned above, under SLS the deferments apply only to loan ***principal***. PLUS deferments are much more limited and also apply only to principal. A summary of SLS and PLUS deferments is on pages 41 and 42. For more details about specific repayment and deferment conditions, contact your financial aid administrator, your lender, or the **guarantee agency*** in your State.

☞ NOTE: Unlike Stafford Loans (see page 32), there are no grace periods for PLUS and SLS loans.

Are there any cancellation provisions?

They're the same as for Stafford Loans—only for death or permanent and total disability after the loan is taken out.

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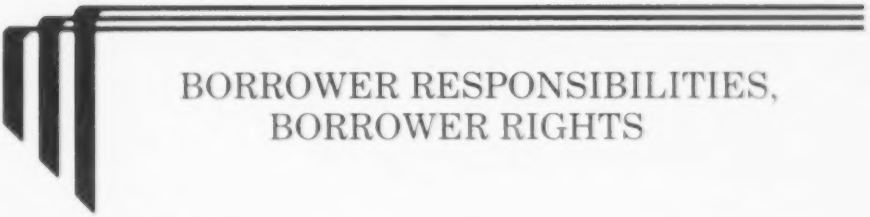
*See "Important Terms," pages 43 to 50.



BORROWER RESPONSIBILITIES, BORROWER RIGHTS

Responsibilities

When you take out any student loan, you have certain responsibilities you must live up to. Here are a few of them:

❑ When you sign a **promissory note,*** you are agreeing to repay according to the terms of the note. This note is a ***legally binding*** document. This commitment to repay means that, except in cases of cancellation (see pages 29, 33, and 36), ***you will have to pay back the loan***—even if you don't complete your education, aren't able to get a job after you complete the program, or you're dissatisfied with, or don't receive, the educational or other services you purchased from your school. **Think about what this obligation means before you take out a loan.** If you don't pay back your loan on time or according to the terms in your **promissory note,*** you may go into **default.*** If you do, your school, lender, or **guarantee agency*** can require you to repay immediately the entire amount you owe, including all interest, collection, and late payment charges. They can sue you to collect that amount, and they can ask the Federal Government for help in collecting from you.

❑ ***You must make payments on your loan even if you don't receive a bill.*** Billing statements (or coupon books) are sent as a convenience to the borrower, but not receiving them doesn't relieve you of your obligation to make payments.

❑ You must notify your lender if you graduate, withdraw from school, or drop below **half-time*** status; change your name, address, or Social Security Number; or transfer to another school.

❑ Before you leave school, you must attend an **exit interview.***

*See "Important Terms," pages 43 to 50.

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Rights

You have certain rights as a borrower. Listed below are some of them.

☐ You have the right to a grace period before your repayment period begins, if your loan provides for one (see pages 28, 32, and 36). The grace period begins when you leave school or drop below **half-time*** status. The exact length of your grace period is shown on your **promissory note.***

☐ You must be given a loan repayment schedule, which lets you know when your first payment is due, and the number, frequency, and amount of all payments.

☐ You must be given a list of deferment conditions and the conditions under which the Department of Defense will repay your loan.

Before your school gives you your first loan disbursement, your school/lender must give you the following information about your loan:

☐ The full amount of the loan, the interest rate, and when you must start repaying.

☐ The effect borrowing will have on your eligibility for other types of financial aid.

☐ A complete list of any charges you must pay (loan fees), and information on how those charges are collected.

☐ The yearly and total amounts you can borrow, and the maximum and minimum repayment periods.

☐ A current description of loans you owe your school and/or lender, an estimate of what your total debt will be, and what your monthly payments will be.

☐ An explanation of **default*** and its consequences.

☐ An explanation of options for prepaying your loan at any time without penalty, for refinancing your loan, and for taking advantage of **loan consolidation.***

*See "Important Terms," pages 43 to 50.

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Before your repayment period begins, your school/lender must tell you—

❑ The amount of your total debt (principal and interest), what your interest rate is, and the total interest charges on your loan.

❑ The name of your lender, where to send your payments, and where to write if you have questions about your loan.

❑ What fees you should expect during the repayment period.

❑ About prepayment, refinancing, and consolidation options.

There are some specific rights and information you're entitled to if you have a Stafford Loan or an SLS:

Before your school gives you your first loan disbursement, the school must counsel you about your loan. This includes emphasizing the seriousness of the repayment obligation you're assuming, describing in forceful terms the likely consequences of **default,*** and emphasizing that you must repay even if you drop out, can't find employment after you've finished school, or don't like the quality of education you received. In addition, the school must make sure that someone with expertise in ***all*** the Federal student aid programs is available shortly after this initial counseling session to answer any questions you may have about those programs.

Your school must also counsel you again shortly before you leave school or drop below **half-time*** status. In this session, the **exit interview,*** your school must again cover the topics it covered in the initial session. In addition, your school must—

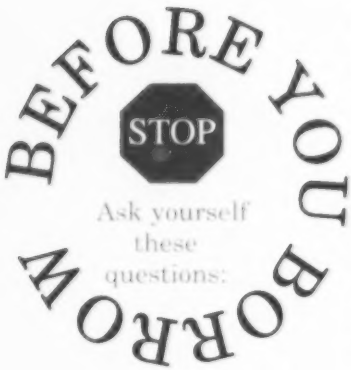
- give you general information on the average indebtedness of those who have received Stafford Loans or SLS loans at the school.

- tell you what your average expected monthly repayment is, based on that average indebtedness.

- review available repayment options (for example, **loan consolidation*** or refinancing).

- give you debt management advice that the school feels would help you in making your payments.

*See "Important Terms," pages 43 to 50.



How much debt can I afford? The charts on pages 28 and 33 give examples of monthly payments for specific loan amounts. If you plan to apply for student loans each year you're in school, try to estimate how much your monthly payments will be when you leave school. The amount you'll have to repay will add up fast! If you need more information on debt management, contact your financial aid administrator, your lender, or the **guarantee agency*** in your State.

What if my plans change? A change in career goals, loss of a job, or some other unexpected change in your school or work situation could make loan repayment more difficult than you expected. Deferment may help in some cases (for example, if you want to return to school or decide to enter the Armed Forces), but the extended repayment period will be a long-term financial obligation.

If you're willing but unable to meet your repayment schedule because of unusual circumstances, and you have a Perkins Loan (or National Direct Student Loan [NDSL]), you may request a hardship deferment. If you have a Stafford Loan (or Guaranteed Student Loan [GSL]), PLUS, or SLS, you may request forbearance if you're willing but unable to meet your repayment schedule and you're not eligible for a deferment. "Forbearance" means permitting payments to be stopped temporarily, allowing a longer time for making payments, or making smaller payments than were previously scheduled. Your lender does not have to grant forbearance, however.

Loan consolidation* or refinancing might also be of help to you if you have multiple loans and if you qualify. Your lender can provide more information about consolidation and refinancing options. If you have a Stafford Loan or SLS (or if your parents have a PLUS for you) and you need to borrow again, try applying to the lender who made you (or your parents) the first loan. This will make future loan refinancing easier. To find out more, contact your lender.

*See "Important Terms," pages 43 to 50.

DEFERMENT SUMMARY: PERKINS LOANS, STAFFORD LOANS, AND PLUS/SLS

Deferment Condition	Perkins	Stafford	PLUS[1]	SLS[1]
Study at a postsecondary school	At least **half-time***	Full-time or **half-time*** [2]	Full-time or **half-time*** [3]	Full-time or **half-time***
Study at a school operated by the Federal Government	**NO**	**Full-time only**	**Full-time only**	**Full-time only**
Study in an eligible graduate fellowship program, or in a rehabilitation training program for the disabled	NO	YES	YES	YES
Volunteer in Peace Corps, ACTION Programs, or comparable full-time volunteer work for a tax-exempt organization	**Up to 3 years each**	**Up to 3 years each**	**NO** [4]	**Up to 3 years each**
Active duty member of U.S. Armed Forces, service in the Commissioned Corps of U.S. Public Health Service, or active duty member of National Oceanic and Atmospheric Administration Corps[5]	Up to 3 years total	Up to 3 years total	NO [4]	Up to 3 years total
Temporarily totally disabled, or can't work because you're caring for a temporarily totally disabled spouse or other dependent	**Up to 3 years ("Other dependent" applies to Perkins Loans only, not to NDSL's)**	**Up to 3 years**	**Up to 3 years**	**Up to 3 years**

Footnotes are explained on the next page.

DEFERMENT SUMMARY: PERKINS LOANS, STAFFORD LOANS, AND PLUS/SLS

(CONTINUED)

Deferment Condition	Perkins	Stafford	PLUS[1]	SLS[1]
Full-time teacher in a public or non-profit private primary or secondary school that the U.S. Department of Education has determined is in a teacher shortage area	NO	Up to 3 years [6]	NO	Up to 3 years [6]
Eligible internship deferment*	**Up to 2 years**	**Up to 2 years**	**NO[4]**	**Up to 2 years**
Unemployment	At school's discretion[1]	Up to 2 years	Up to 2 years	Up to 2 years
Mother of preschool age children, who is going to work (or back to work) at a salary no more than $1.00 over the minimum wage	**Up to 1 year [7]**	**Up to 1 year [6]**	**NO**	**Up to 1 year [6]**
Parental leave deferment*	Up to 6 months [7]	Up to 6 months	NO	Up to 6 months
During a period of hardship to the borrower, as determined by the school [8]	**YES (also applies to NDSL's)**	**NO, but see "Forbearance," p. 40**	**NO, but see "Forbearance," p. 40**	**NO, but see "Forbearance," p. 40**

[1]Deferments are for principal only.
[2]**Half-time*** enrollment is allowed only for **new borrowers*** who have obtained a loan for the current period of enrollment.
[3]Only **new borrowers*** are eligible for deferment for **half-time*** study. See your financial aid administrator for more information.
[4]. . . for all loans made on or after August 15, 1983, but **YES** for all loans made before that date.
[5]National Oceanic and Atmospheric Administration Corps deferments are slightly different. See your financial aid administrator.
[6]For **new borrowers*** only.
[7]Applies to Perkins Loans only, not to National Direct/Defense Student Loans (NDSL's).
[8]Principal and interest may be deferred, but interest continues to accumulate.
*See "Important Terms," pages 43 to 50.

IMPORTANT TERMS

Ability to Benefit: Applies to students who do not have a high school diploma, or its equivalent, or a GED (General Education Development Certificate). These students can still receive Federal student aid if they take a test measuring their ability to benefit from the education offered. The test must be administered independently and must be approved by the U.S. Department of Education. Students should check with their financial aid administrator for more information.

Anti-Drug Abuse Act Certification: To receive a Pell Grant, you must sign a statement certifying that you will not make, distribute, dispense, possess, or use illegal drugs during the period covered by the Grant. In addition, you are also certifying that if you are convicted of a drug-related offense committed during that period, you will report the conviction in writing to the U.S. Department of Education. Your Student Aid Report (SAR) will contain this certification statement although, in some cases, your school may ask you to sign instead a separate statement it has prepared.

☞ NOTE: Your eligibility for ***any*** of the programs covered in this *Guide* may be suspended or terminated by a court as part of a conviction for possessing or distributing illegal drugs.

Assets: Savings and checking accounts, the value of a business, stocks, bonds, money market funds, mutual funds, real estate, trust funds, etc. Cars are not considered assets, nor are possessions such as stamp collections or musical instruments.

Citizen/Eligible Non-Citizen: You must be one of the following to receive Federal student aid:

- ☐ U.S. citizen
- ☐ U.S. national (includes natives of American Samoa or Swain's Island)
- ☐ U.S. permanent resident who has an I-151, I-551, or I-551C (Alien Registration Receipt Card)

If you're not in one of these categories, you must have an Arrival-Departure Record (I-94) from the U.S. Immigration and Naturalization Service (INS) showing one of the following designations:

- ☐ "Refugee"
- ☐ "Asylum Granted"
- ☐ "Indefinite Parole" and/or "Humanitarian Parole"
- ☐ "Cuban-Haitian Entrant, Status Pending"
- ☐ "Conditional Entrant" (valid only if issued before April 1, 1980)
- ☐ Other eligible non-citizen with a Temporary Resident Card (I-688)

Also, you're eligible for Federal student aid if you have a suspension of deportation case pending before Congress.

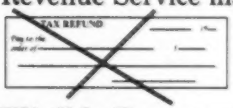
If you're in the U.S. on an F1 or F2 student visa only, or on a J1 or J2 exchange visitor visa only, you cannot get Federal student aid. Also, persons with G series visas (pertaining to international organizations) are not eligible for Federal student aid.

☞ NOTE: Only citizens and non-citizen nationals can receive a Stafford Loan, PLUS, or SLS for study at a foreign institution.

Permanent residents of the Trust Territory of the Pacific (Palau) may be eligible for all the student aid programs mentioned in this booklet. Citizens of the Federated States of Micronesia and the Marshall Islands are eligible for Pell Grants, Supplemental Educational Opportunity Grants (SEOG's), or College Work-Study **only**. All of these citizens should check with their financial aid administrators for more information.

Cost of Education (or **Cost of Attendance**): The total amount it will cost a student to go to school—usually expressed as a yearly figure. The cost of education covers tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, child care, costs related to a handicap, and miscellaneous expenses. Talk to the financial aid administrator at the school you're planning to attend if you have any unusual expenses that may affect your cost of education or your ability to pay that cost.

Default: Failure to repay a student loan according to the terms agreed to when you signed a **promissory note.*** Default also means failure to submit requests for deferment or cancellation on a timely basis. If you default on a student loan, your school, lender, State, and the Federal Government all can take action to recover the money, including notifying national credit bureaus of your default. This may affect your future credit rating for a long time. For example, you may find it very difficult to borrow from a bank to buy a car or a house. Also, you may be liable for expenses incurred in collecting the loan. If you decide to return to school, you're not entitled to receive additional Federal aid or a deferment of your loan repayments. Finally, the Internal Revenue Service may withhold your income tax refund. The amount of your refund will be applied toward the amount you owe.



Eligible Program: A course of study that leads to a degree or certificate at a school that takes part in one or more of the student aid programs described in this booklet. To get a Pell Grant, SEOG, Perkins Loan, or a College Work-Study job, you must be enrolled in an eligible program. The same is true for a Stafford Loan, PLUS, or SLS, with two exceptions:

--If a school has told you that you must take certain coursework to qualify for admission into one of its eligible programs, you can get a Stafford Loan or an SLS (or your parent[s] can get a PLUS for you) for up to 12 consecutive months while you're completing that coursework. You must be enrolled at least **half-time,*** and you must meet the usual student aid eligibility requirements.

--If you're enrolled at least **half-time*** in a program to obtain a professional credential or certification that is required for employment as an elementary or secondary school teacher in a particular State, you can get a Stafford Loan or an SLS (or your parent[s] can get a PLUS for you) while you're enrolled in the program.

Exit Interview: A counseling session you must attend before you leave your school, if you have any of the loans described in this booklet. At this session, your school will give you information on the average amount borrowers owe, the amount of your monthly repayment, and information about deferment, refinancing, and loan consolidation options.

Family Contribution (FC): An amount that indicates how much of your family's financial resources should be available to help pay for school. This amount, determined by a formula called the Congressional Methodology, is used in determining your eligibility for aid from the Supplemental Educational Opportunity Grant (SEOG), College Work-Study (CWS), Perkins Loan, and Stafford Loan programs. If you have any unusual expenses that may affect your Family Contribution, make sure you notify your financial aid administrator.

Financial Aid Package: The total amount of financial aid a student receives. Federal and non-Federal aid such as loans, grants, or work-study are combined in a "package" to help meet the student's need. Using available resources to give each student the best possible package of aid is one of the major responsibilities of a school's financial aid administrator.

Guarantee Agency: The organization that administers the Stafford Loan, PLUS, and SLS programs in your State. The Federal Government sets loan limits and interest rates, but each State is free to set its own additional limitations, within Federal guidelines. This agency is the best source of information on Stafford Loans, PLUS loans, and SLS loans in your State. To find out the name, address, and telephone number of the agency in your State, as well as information about borrowing, call the Federal Student Aid Information Center at 1 (800) 333-INFO, if calling ***before*** May 1, 1991; 1 (800) 4 FED AID, if calling ***on or after*** May 1, 1991.

Half-Time: At schools measuring progress by credit hours and academic terms (semesters, trimesters, or quarters), "half-time" means at least 6 semester hours or quarter hours per term. At schools measuring progress by credit hours but not using academic terms, "half-time" means at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, "half-time" means at least 12 hours per week. Note that schools may choose to set higher minimums than these. Also, Stafford Loan, PLUS, and SLS requirements may be slightly different.

You must be attending school at least half-time to be eligible to receive a Pell Grant, Stafford Loan, a PLUS, or an SLS. Half-time enrollment is not a requirement to receive aid from the Supplemental Educational Opportunity Grant, College Work-Study, and Perkins Loan programs.

Internship Deferment: A period during which loan payments can be deferred (postponed) if a borrower is participating in a program required to begin professional practice or service. An internship deferment ***also*** includes participation in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, hospital, or health care facility offering postgraduate training. (**Note to Perkins Loan borrowers:** This second aspect of an internship deferment applies only if your period of enrollment in school began **on** or **after** July 1, 1987, and you had no outstanding [unpaid] National Direct/Defense Student Loan [NDSL] on that date.) If you're in an eligible internship program, you may defer repayment of your Perkins Loan/NDSL, Stafford Loan, or SLS for up to 2 years.

Loan Consolidation: A plan that allows certain eligible lenders to pay off your existing student loans and to create one new loan. You're eligible for loan consolidation if you have loans totalling at least $5,000. You must be in repayment (or have entered your grace period) before your loans can be consolidated. You cannot be more than 90 days delinquent on any loan being consolidated. The interest rate on the consolidated loan will be 9 percent or more, depending on the interest rates of the loans consolidated. The repayment period will be from 10 to 25 years, depending on the amount to be repaid. Except for PLUS loans, the student loans described in this booklet are eligible for consolidation.

New Borrower: A term that applies to the Stafford Loan, PLUS, or SLS programs. You're a "new borrower" under these programs if you had no outstanding (unpaid) Stafford Loans, PLUS, SLS, or consolidation loans on the date you signed your promissory note, ***and*** if your loan was either disbursed on or after July 1, 1987 or was for a period of enrollment that began on or after July 1, 1987. Once you qualify as a new borrower, the loan conditions that apply to "new borrowers" automatically apply to any future Stafford Loans, PLUS loans, or SLS loans you may receive.

Parental Leave Deferment: A period of up to 6 months when loan payments can be postponed if a borrower is pregnant, or if a borrower is taking care of a newborn or newly adopted child. The borrower must be unemployed and not attending school. To get this deferment, you must apply within 6 months after you leave school or drop below **half-time*** status.

Pell Grant Index (PGI): The number that appears on your Student Aid Report (SAR), telling you about your Pell Grant eligibility. The

PGI is calculated by a standard formula that uses the financial information you reported when you applied for Federal student aid.

Promissory Note: The legal document you sign when you get a student loan. It lists the conditions under which you're borrowing and the terms under which you agree to pay back the loan. It's very important to **READ AND SAVE** this document because you'll need to refer to it later when you begin repaying your loan.

Regular Student: One who is enrolled in an institution to obtain a degree or certificate. Generally, to receive aid from the programs discussed in this booklet, you must be a regular student. (For the Stafford, PLUS, and SLS programs, there are two exceptions to this requirement. See the definition of **eligible program.***)

Satisfactory Academic Progress: To be eligible to receive Federal student aid, you must be maintaining satisfactory academic progress toward a degree or certificate. You must meet your school's written standard of satisfactory progress. Check with your school to find out what its standard is.

If you received Federal student aid **for the first time** on or after July 1, 1987 ***and*** you're enrolled in a program that's **longer than 2 years**, the following definition of satisfactory progress ***also*** applies to you: You must be maintaining a "C" average by the end of your second academic year of study, or have an academic standing consistent with your institution's graduation requirements. You must continue to maintain satisfactory academic progress for the rest of your course of study.

Special Conditions: Several specific circumstances that require expected 1991 income—instead of 1990 income—to be used to calculate a student's Pell Grant eligibility. These conditions accommodate certain situations where a family's financial circumstances would be worse in 1991 than in 1990. In these cases, using 1991 income would more accurately reflect the family's financial status.

The conditions, listed in the chart on the next page, differ somewhat, depending on whether you're a dependent or independent student. (See the discussion of dependency status on page 11.) **Expected 1991 income will be used in your Pell Grant eligibility calculation only if one of these special conditions applies to you.** For complete details on what you should do if you think you meet one of these conditions, see your financial aid administrator.

SPECIAL CONDITION	DEPENDENT STUDENT	INDEPENDENT STUDENT
LOSS OF EMPLOYMENT	❒ A parent who earned money in 1990 has lost his or her job for at least 10 weeks in 1991. ❒ A parent who earned money in 1990 has not been able to earn money in his or her usual way for at least 10 weeks in 1991. This must have been because of a disability or a natural disaster that happened in 1990 or 1991.	❒ You worked full-time (at least 35 hours a week) for at least 30 weeks in 1990, but you aren't working full-time now. ❒ Your spouse earned money in 1990, but has lost his or her job for at least 10 weeks in 1991. ❒ You (or your spouse) earned money in 1990 but have not been able to earn money in the usual way for at least 10 weeks in 1991. This must have been because of a disability or a natural disaster that happened in 1990 or 1991.
LOSS OF NON-TAXABLE INCOME OR BENEFITS	❒ A parent who received unemployment compensation or some untaxed income or benefit in 1990 has ***completely*** lost that income or benefit for at least 10 weeks in 1991. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.	❒ You (or your spouse) received unemployment compensation or some untaxed income or benefit in 1990 but have ***completely*** lost that income or benefit for at least 10 weeks in 1991. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.
SEPARATION OR DIVORCE	❒ Your parents have separated or gotten divorced ***after*** you've applied for Federal student aid.	❒ You and your spouse have separated or gotten divorced ***after*** you've applied for Federal student aid.
DEATH	❒ A parent, who received income in 1990, has died ***after*** you've applied for Federal student aid.	❒ Your spouse, who received income in 1990, has died ***after*** you've applied for Federal student aid.

Statement of Educational Purpose/Certification Statement on Refunds and Default: You must sign this statement in order to receive Federal student aid. By signing it, you're stating that you do not owe a refund on a Pell Grant or SEOG, that you're not in default on a Perkins Loan, Stafford Loan, or SLS, and that the amount you've borrowed under those loan programs doesn't exceed the allowable limits. You're also agreeing to use your student aid only for education-related expenses. Part 1 of the 1991-92 Student Aid Report (SAR) contains such a statement. You must sign either this one or a similar one prepared by your school.

☞ NOTE: If your parent wants to borrow a PLUS loan for you, neither you **nor your parent** can owe a refund or be in default. Your parent will also have to sign a statement of educational purpose/ certification statement on refunds and default that your school will prepare.

Statement of Registration Status: If you're required to register with the Selective Service, you must sign a statement indicating you have done so before you can receive any Federal student aid. This requirement applies to males who were born on or after January 1, 1960, are at least 18, are **citizens*** or **eligible non-citizens,*** and are not currently on active duty in the Armed Forces. (Citizens of the Federated States of Micronesia, the Marshall Islands, or the Trust Territory of the Pacific [Palau] are exempt from registering.)

Part 1 of the 1991-92 Student Aid Report contains a statement of registration status. You must sign either that one or a similar one prepared by your school. (Some schools require all students to sign a statement, indicating that the student either has registered with the Selective Service or is not required to do so.)

Statement of Updated Information: You must sign a statement certifying that certain Student Aid Report (SAR) items are correct *at the time you submit your SAR to your school.* If information for any of those items changes after you submit your application, you must update the information so that it's correct on the date you sign your SAR. Otherwise, you won't be able to receive Federal student aid. Read the Statement of Updated Information on the back of Part 1 of your SAR for the information that must be updated.

☞ NOTE: The only exception to the requirement to update is when changes occur because your marital status changes. In that case, you cannot update.

United States
Department of
Education